

Developments

SUMMER
'86 NEWSLETTER

GOVERNMENT DOCUMENTS
COLLECTION

NOV 6 1987

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Cooperative Housing: Wave Of The Future

In the past decade, housing costs have skyrocketed. Few moderate income families can afford to buy a house any more. Rental housing has fared no better. The conventional wisdom that 25% of one's income should be spent on housing no longer holds true for most people. Incomes, for the most part, simply haven't risen at the same rate housing costs have.

However, there does exist an alternative to renting and homeownership—an alternative that offers some of the best features of both. Housing cooperatives, co-ops, are relatively new to Massachusetts, though they have existed for some time in Europe and in other parts of the U.S. Similar to the better-known condominium, the co-op has some unique qualities that make it particularly appealing to low and moderate-income occupants.

While the condo is a form of homeownership, whereby tenants own the individual units in which they live, the co-op is owned by a corporation made up of its residents. Membership in the corporation entitles an individual to live in one of the co-op units. A board of directors, elected by the members from among their number, runs the cooperative.

In some ways, membership in a cooperative offers the occupant the best of both worlds. Federal law allows the member to take advantage of home owner tax benefits, including deducting of a proportionate share of real estate taxes paid by the cooperative and of a share of interest payments to retire the mortgage. At the same time, low and middle income occupants who, as renters, would be eligible for government rental subsidies, retain that eligibility as co-op members. Moreover, the co-op offers a form of security that rental does not: since the board of directors is made up of occupants, "landlord" and "tenant" interests are identical.

There are two basic types of housing cooperatives. In a stock cooperative, members may sell their share for whatever price they can get. Thus the cooperative can be a profit-making investment. By contrast, in a limited-equity cooperative, the amount for which a share may be sold is limited, thus minimizing the profit an individual shareholder can make and insuring that the unit will remain in a price range accessible to low and middle income tenants.

Will co-ops catch on in Massachusetts? Land Bank Executive Director Tim Bassett is confident that they will. "Co-ops here are at the point of development that condos were fifteen years ago," he says. "They're facing the same skepticism that condos faced then. A while ago, bankers would say, 'Condos are fine in the Bahamas, but they're not a serious form of housing in the U.S.' But who would question the feasibility of condos now? Co-ops have worked in Europe; they've worked in other parts of the U.S. And they'll work in Massachusetts."

Co-Op Initiative: New Hope For Low And Middle-Income Housing

"Co-ops have been developed over the years using the resources of other state programs," says Executive Director Tim Bassett, "but it has been pretty limited. They haven't been part of a comprehensive funding and policy package. This is the first time in Massachusetts they're being packaged and delivered in a systematic way to provide housing for people."

The Land Bank's unique new housing program, Co-op Initiative, will create just such a system in Massachusetts—one that is sorely needed in the wake of recent federal cutbacks in low-income housing funds.

Co-op Initiative is part of a large effort by a number of state agencies to address the need for low and moderate-income housing. "The changes in the federal tax law have really shown how much we need state programs that can survive independently, whatever the whims of federal tax policy are," says Bassett.

Co-op Initiative is a \$3 million pilot program designed to generate the development of cooperative housing units. It will initially fund up to four projects throughout the state on a first-come, first-served basis. All of these are to be medium-sized projects of between 20 and 50 units. "This encourages economy of scale," explains Laura Wiener, Land Bank project manager and coordinator of Co-op Initiative. "It's midway between the huge, investor-owned high-rise and the owner-occupied three-decker."

Continued...

Because of its commitment to affordable housing for low and middle income occupants, the Land Bank's focus will be on limited-equity co-ops, which control the amount of money for which units can be resold. "We want this form of home ownership to keep on being accessible to people who would otherwise remain renters for the rest of their lives," says Bassett. The Land Bank is also encouraging family housing, with two-bedroom or larger units, and it is especially interested in projects outside the Boston area because of their high demonstration value.

Clearly, the Land Bank doesn't expect four new co-ops to solve Massachusetts' housing problems. But Bassett and Wiener are convinced that Co-op Initiative is only the first step toward the growth of co-ops in the state. "Our program is exactly what its title says," Wiener notes. "It's an initiative. We'll be seeking future funding so that we can continue to promote cooperatives."

Adds Bassett: "We see this as a demonstration program. By committing Land Bank resources to funding these co-ops, we're creating a model for other financial institutions. They'll see how co-ops work; they'll see how successful we are. We're really excited about this program, about its potential for inspiring a lot more like it."

Co-op Initiative is a new program which has evolved from the Land Bank's long-standing commitment to innovations in housing development. The Land Bank is already participating in five individual cooperative housing projects throughout the state: Burton Court and

Fenway Little City Hall in Boston, Fogerty Building in Cambridge, Cross Street in Gardner (see story on page 3), and Covenant Housing in Lawrence. "We've been involved in co-ops for awhile," says Wiener, "and we plan to stay involved for a long time to come."

If you're interested in applying for Co-op Initiative Funding, here are some of the guidelines:

- There must be a minimum of \$1 of private funds for every \$1 of Land Bank funds.
- The mortgage amount per project is a minimum of \$100,000 and a maximum of \$1,000,000.
- The interest rate is between 7-9%, and the amortization schedule can go up to 30 years.
- Co-op members must make a significant contribution of equity in all projects to ensure their long-term participation and investment in the property.
- Professional management and co-op training is required for all projects.

For further information, contact Kathleen Hogan, Director of Projects, at (617) 727-8257.



Fenway Little City Hall is undergoing conversion to 46 units of cooperative housing, one half of which will be available to low and moderate income families. A \$3 million project of the Fenway Community Development Corporation and OKM/Abrams, the historic building will retain original period details of a grand stairway, moldings, fireplaces, marble floors throughout, and a basement renovation that will accommodate large community meetings. The Land Bank is providing a \$850,000 mortgage. Occupancy is slated for spring 1987.



The Fogerty Building, a once abandoned apartment complex near Central Square in Cambridge, now provides 17 units of mixed-income cooperative housing. Homeowner's Rehab, Inc., a community-based non-profit organization in Cambridge developed the building with the assistance of numerous funding sources. The Land Bank's commitment to the \$1.25 million project is \$720,000. The Fogerty Building demonstrates the ability to provide housing units at below market rents through the innovative efforts of public and private funding and development organizations.

Peter Wiener

First Co-Op Project In Central Mass. Set In Gardner

A rundown six-family building in Gardner will begin a new chapter in cooperative housing, according to Land Bank Executive Director Tim Bassett. The Cross Street Cooperative will be the first limited-equity cooperative in central Massachusetts. Though it has been tested in the Boston area, the limited-equity co-op concept is still unusual outside that area.

The Gardner project will have the participation of a private lender as well as of the Land Bank—thanks to the strong reputation of its developer, Rural Housing Improvement, Inc. (RHI). Commercial banks have historically been cautious about financing co-ops, because they are not widely known and because they are not routinely bought on the secondary mortgage market (FNMA and FHLMC) in Leominster. But RHI's involvement persuaded the Guaranty Bank and Trust Company to participate in this project.

RHI is a regional non-profit agency providing a variety of housing services throughout Worcester County. In August 1985, RHI purchased the building at 248 Cross Street, three blocks from downtown Gardner. The funds to purchase the property came from RHI's Homeownership Assistance and Reuse Program, funded by the U.S. Department of Health and Human Services. RHI will be the interim owner during the planning and construction period, and then will sell the property to the cooperative corporation that includes the tenants as shareholders once it is running stably.

RHI Housing Developer Susan McDonnell first approached the Land Bank in December of 1985 for \$170,000 to finance the project's reconstruction. The Land Bank Board of Directors, intrigued because the project would introduce limited-equity cooperative housing to central Massachusetts wanted a private lender involved. "A private lender is important here—to demonstrate the viability of cooperatives to the private banking community," says Land Bank Project Manager Laura Wiener. "Board members felt so strongly about this that they were willing to offer very flexible terms in order to provide a cushion of security for a private bank."

RHI then approached David Merrill, their banker at Guaranty Bank and Trust Company where RHI is a major customer. The Guaranty Bank agreed to participate in the project with \$100,000 of permanent financing, subject to RHI's long-term involvement. As a result of this agreement, RHI will have two seats on the Board of Directors of the cooperative corporation. RHI, which also has a management arm, will be the management agent for the property. The Land Bank will provide \$78,000 in permanent financing.

With the able assistance of development consultant Alice Krapf, of Krapf Associates in Boston, McDonnell is assembling the many pieces that will bring this project to fruition.

The Land Bank and Guaranty Bank are not the only financial participants in this project. The co-op members will put in almost \$2,000 each in equity down payments. RHI will administer long-term, low-interest share loans to members, from their federal Health and Human Services grant funds. The state Executive Office of Communities and Development contributed \$5,000 through its Housing Abandonment Initiative, and will also supply chapter 707 rental subsidies. CEDAC has made a grant to pay for technical assistance to the project.

Though the project is in its early stages, the participants are optimistic and excited about it. "This may be the first limited co-op outside of Boston," says Laura Wiener confidently, "but we're sure it won't be the last."



A six-family building on Cross Street in Gardner will be the first limited-equity housing cooperative outside of Boston. Rural Housing Improvements, Inc. (RHI) will be the developer in this \$210,000 project, for which the Land Bank will provide \$78,000. The project's reconstruction is slated to begin Fall 1986.

New Staffers

Caroline Liberti, Administrative Secretary

Caroline comes to us from the Massachusetts House of Representatives Committee on Commerce and Labor where she was the executive secretary responsible for all secretarial staff and for overseeing committee and legislative documents. She has extensive background in both legal and legislative drafting. Caroline is a graduate of Marian Court Junior College of Business.

Barbara Selwyn, Communications Consultant

Barbara brings to the Land Bank an unusual blending of professional experience. She received a Masters Degree in Urban Planning from M.I.T. in 1973 where she majored in advocacy planning, based on her work with the Model Cities program in New York City. Inspired by the potential of the media to explore important social issues, Barbara joined WGBH-TV in Boston in 1975, working as an associate producer on several documentary and film productions. In the past few years, Ms. Selwyn has worked as a free-lance public relations consultant to numerous non-profit organizations promoting greater public awareness around health and environmental issues.

Chocolate Mill Award

The rehabilitation of the old Baker Chocolate Mill has been given a "Preservation Award" by the Massachusetts Historical Commission. The renovation, funded by the Land Bank for \$3.4 million, turned the three chocolate mills into 133 units of affordable housing in Dorchester Lower Mills.

Secretary of State Michael J. Connolly, Chairman of the Commission, praised the "outstanding historic rehabilitation of the Baker Chocolate Factory."

Located on what was once a crossroads for travel from Boston to the south shore communities, the Neponset River site first housed a grist

mill in 1634. This was followed by gunpowder, woolen, snuff, paper, and saw mills. It became the Baker Chocolate Factory in 1806, remaining a vital part of the area. In 1965 it was purchased by General Foods, but in recent years it had fallen into disuse.

The Adams, Pierce, and Preston Mill buildings form the three completed housing rehabs, and all three buildings are on the National Register of Historic Places. The Adams Mill was completed in 1983; the others followed in late 1985.

<i>Chairman:</i>	Richard Reynolds
<i>Executive Director:</i>	Timothy Bassett
<i>Editor:</i>	Karen Lindsey, Barbara Selwyn
<i>Design:</i>	Kurtz & Associates
<i>Contributions From:</i>	Laura Wiener



William T. Smith

The Baker Chocolate Mill receives "Preservation Award" by Massachusetts Historical Commission. With \$3.4 million in Land Bank funding,

the chocolate mills were converted to provide affordable housing in Dorchester, thus strengthening on-going revitalization of the area.

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Special Edition On Co-op Housing

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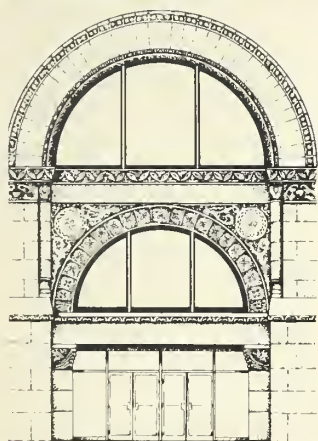
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FLINT PLAZA



BUSINESS INCUBATORS



LAND BANK'S NEW HOME



"SPENSER FOR HIRE"

Land Bank Is Building for Industry

The Land Bank's new **Building for Industry** program will help bring prosperity to areas that have not shared in the Commonwealth's economic resurgence.

Building for Industry provides mortgage financing where it can make the most difference: to create good jobs and economic growth through projects which might otherwise never happen.

We back multi-tenant facilities such as small business incubators (see article on page two), industrial parks and recycled mill buildings. We can finance owner-occupied or single tenant buildings, for new or existing businesses that increase employment in target areas. The goal is jobs: new jobs, well-paid jobs that might not be created unless the Land Bank takes the risk.

Building for Industry is geared to help local communities, non-profit groups or private entrepreneurs, as well as entire regions. Land Bank staff members can assist project sponsors in developing a proposal and more important, to succeed in achieving significant industrial growth.

Although the Land Bank is flexible in the types of projects it will finance, there are several program criteria that all industrial projects must meet in order to qualify for Land Bank assistance. The Land Bank finances industrial real estate projects which:

- ☐ benefit areas or populations suffering from high unemployment, low income, or economic decline,
- ☐ catalyze additional economic development in an area,
- ☐ demonstrate local support, and
- ☐ have capable sponsorship and management.

Building for Industry may be the ideal source of needed financing to get your project off the drawing boards. Contact Robert Freeman, Director of Projects, at (617) 727-8257 for more information.

VIEWPOINT

Tax Reform Act Impacts Industrial Development

"The changes have only just begun," predicts Land Bank Executive Director Timothy Bassett, discussing the impact of the Federal Tax Reform Act of 1986 on industrial development in Massachusetts.

"The Land Bank is already tracking the effects of the Act. Because we design our programs, like Building for Industry, to respond to gaps in the capital market, we anticipate developing additional programs to respond to the new gaps resulting from the recent changes to the tax code."

"Under Governor Dukakis' leadership, the Commonwealth of Massachusetts has been especially talented at responding to other significant changes in federal policies. As local and state officials gain a better sense of the impacts of the changes in their communities, we anticipate working with them and our sister agencies to both identify the new challenges and create new opportunities to sustain our economic growth."



Timothy A. Bassett
Executive Director

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Land Bank Incubates Businesses



Enhancing job creation

Imagine having a great product or service, but nothing to support its production . . . no funds for a front office, no computer equipment, no access to seed capital, not even a secretary-receptionist. Imagine trying to start a business in one twenty-by-fifteen foot room. Even if you could find one, how would you squeeze the manufacturing and support services you need into that space?

How many good ideas and jobs fail simply for lack of a little support? How many businesses, particularly in economically troubled communities, never get off the ground because the owner can't find small space to rent, basic services, or a little help improving his operation?

Working with Governor Dukakis, a state legislative commission has proposed a state-sponsored small business "incubator" program which will enhance the prospects for small business success in Massachusetts. Regional incubators are proposed in areas with high rates of business failure or where limited amounts of affordable space are stifling entrepre-

neurial activity.

Under the proposal, the Massachusetts Government Land Bank will be the public lender and project manager for the real estate portion of each facility designated as an "incubator." Land Bank Executive Director Timothy Bassett has said that, "Governor Dukakis' strong interest in furthering this concept of economic growth is based on his belief that encouraging entrepreneurs in disadvantaged areas will lead to job creation, thus boosting every area of the Commonwealth's economy."

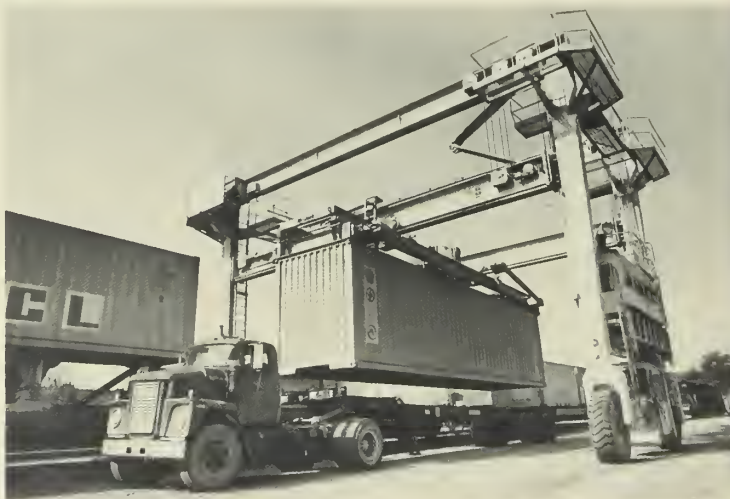
When the legislation passes, the Land Bank will be able to help in three ways: by offering mortgage financing for incubator buildings, by offering matching grants for management assistance and operating reserves, and by creating capital seed funds for each incubator.

Initially, the Land Bank hopes to provide this sort of hands-on support for four Massachusetts incubators across the state. Land Bank involvement with incubators is demonstrated by our commitment of a half-million dollar mortgage to assist the Southeastern Economic Development (SEED) Corp. to build a 35,000 sq. ft. industrial incubator at Fall River Airport Industrial Park. We are actively seeking similar projects to create more new jobs in other regions of the state.



Supporting small business

Palmer's Inland Port



A 90 ton container crane is poised ready to lift materials from train to truck chassis at Intermodal Terminal in Palmer, Mass.

Responding to a call from the Palmer Office of Community Development, the Land Bank has helped create a new "inland port", which has already been praised as a successful alternative to the frequently over-crowded traditional ports. Because of the Palmer facility, shippers and consumers are now saving both time and money. Already designated an official U.S. Customs Station, the terminal is attracting foreign shippers and creating a new gateway in New England for freight from West Coast ports.

The Palmer "inland port" demon-

strates how the Land Bank can work with local public development groups and private entrepreneurs to leverage additional investments—a community development revitalization loan from Country Bank and a significant equipment loan from Bank of New England West—to bring a dream into reality. Business is already exceeding projections, and interest has been expressed in constructing new distribution and manufacturing facilities along the Massachusetts Central Line—precisely the results the sponsors and the Land Bank envisioned.

Market Opportunity:

Create central New England alternative to New York and Boston to off-load container freight from the Pacific Rim destined for Springfield, Hartford and Worcester.

The Response:

An abandoned 4-acre site in Palmer adjacent to the Massachusetts Central Railroad, just a mile from its junction with Conrail.

The Sponsor:

A joint venture between the Massachusetts Central Railroad, a short-line operation then based in Barre, and New England Container Terminal Inc., established by three Springfield businessmen with experience in international trade and real estate.

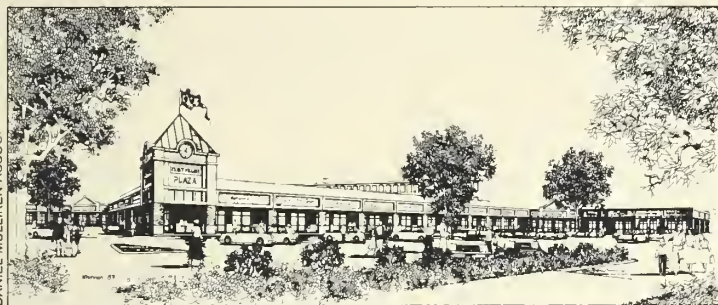
The Problem:

Obtaining the financing for a burned out former used car dealership to be used as the headquarters for an untested start-up business.

The Solution:

A \$410,000 first mortgage from the Land Bank that enabled the project to begin operations last fall.

BEGINNINGS



Artist's rendering of Flint Village Plaza, to become a major shopping center in the heart of Fall River's Flint neighborhood.

**FLINT VILLAGE PLAZA
FALL RIVER**

When Stop & Shop closed its store in the Flint Village section of Fall River almost two years ago, neighborhood residents couldn't imagine what would happen to the 6 acre site. As a result of a request from the City of Fall River to the Land Bank, residents will see construction begin this spring on Flint Village Plaza,

an expanded and improved commercial shopping center in the heart of Flint Village.

Local developers Robert Karam and Michael and Alan Biszko have also received financing assistance from the Fall River Five Cents Savings Bank, the Thrift Institution Fund for Economic Development, and the Fall River Office of Economic Development.

COMPLETIONS

**COVENANT HOUSING
LAWRENCE**

The Land Bank's \$330,000 permanent mortgage has helped extend a rich tradition of the City of Lawrence as the Commonwealth's "Gateway City" for new citizens. With Land Bank assistance, South Church of Andover established Covenant Housing for needy families. Their first project redeveloped tax foreclosed property into twelve affordable rental units and sparked reinvestment in the neighborhood.



A successful venture of redeveloping tax foreclosed property into affordable housing in Lawrence.

**NEW HOPE HOUSING
HOLYOKE**

Completion is scheduled this May for New Hope Housing in Holyoke. Recipient of a major Land Bank mortgage, this project consists of the rehabilitation of three formerly abandoned buildings into homes for 32 families utilizing the state's 707 program.

Neuva Esperanza, which has been working on the project together with Housing Allowance Project, has not only brought these buildings back to life, but its efforts have led to the rehabilitation of a fourth 12 unit adjacent building. Especially noteworthy is the fact that this last building is expected to be financed conventionally.

**MID-TOWN PLAZA
SPRINGFIELD**

For the first time in over four years, the Mid-Town Plaza will be opening its doors to shoppers. This spring, a partnership between an investment group and an individual developer completed redevelopment of the 28,500 sq. ft. neighborhood shopping center. A Land Bank loan of

\$325,000 was combined in an unusual public-private financing partnership consisting of a consortium of Springfield banks, the city, the Community Development Finance Corporation, the Springfield Economic Development Corporation, and an Urban Development Action Grant. Needed retail services are now more readily available for Winchester Square residents.

**THE ACRE
LOWELL**

"I don't recognize the place . . . I see a real neighborhood coming back," said Governor Dukakis when he visited the Acre Triangle to view the impact of the work done by the Coalition for a Better Acre. When the Land Bank first became involved with the project, there were 13 vacant lots and 10 empty and run-down houses. Today, the vacant lots are filled with new one and two family homes and the older buildings are either occupied or in the final stages of rehabilitation. The Land Bank provided the acquisition loan, while a local bank, First Bank of Lowell, provided the construction financing. Construc-



A neighborhood in Lowell makes a comeback.

tion is now almost complete and the last unit is expected to be sold by June, when 23 families will have become first-time owners, while 14 others will live as their tenants in new or rehabilitated spaces.



New Seafood Industrial Park in Gloucester supports the fishery in adding value to its catch.

**HEAD OF THE HARBOR
SEAFOOD INDUSTRIAL
PARK
GLOUCESTER**

The City of Gloucester and the Massachusetts Department of Environmental Management fully exercised Land Bank capability in this project. When the Commonwealth's largest fishing port sought Land Bank assistance to finance and develop this long neglected site, the Land

Bank extended a \$675,000 loan, and assembled a capable development team to construct four building sites. This past December, sale of the last two parcels completed the transformation of the Head of the Harbor from mud and debris to modern industrial plants and dockage facilities.

PORTFOLIO will appear as a regular feature in *Developments*, highlighting a sample of Land Bank projects.

STAFF NOTES



Robert E. Freeman, Director of Projects

Since joining the Land Bank staff in 1985, Rob has served as Project Manager for projects as diverse as the formation of the Northern Berkshire Industrial Park and Development Corporation, the Inland Freight Terminal for the Mass. Central Railroad in Palmer, and the Southeastern Economic Development (SEED) Corporation's Small Business Incubator to be constructed in Fall River.



Karl Seidman, Treasurer

Karl is responsible for the agency's financial and administrative management and its long term policy development. Prior to the Land Bank, Karl was Senior Associate at Mt. Auburn Associates, a private consulting firm with a national reputation in economic development. Karl has a Master's Degree in Public Policy from the Kennedy School of Government at Harvard.



Craig King, Project Manager

Craig was formerly Senior Project Manager for the Somerville Office of Planning and Community Development. While there, he coordinated a major urban renewal project. Craig holds a Master's in city and regional planning from Rutgers.



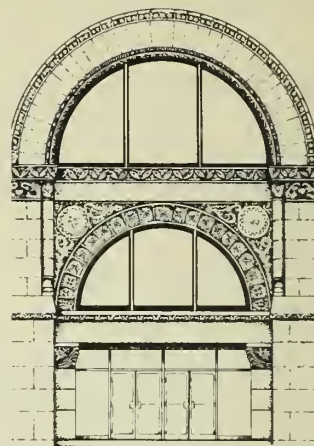
Barbara Fields, Project Manager

Barbara formerly worked as an analyst of commercial and housing development for the Boston Redevelopment Authority. Barbara's area of expertise is in economic development and finance. Barbara received a Master's Degree in city planning from M.I.T.

WE'VE MOVED

The Land Bank has a new home, one that's particularly appropriate for an agency which has helped renovate similar vintage structures across the Commonwealth.

We're located at One Court Street in the 1889 Ames Building, close to the State House and financial district, at the corner of State Street in Boston. Punctuated by classic curved window arches, the eleven floor structure was the tallest in Boston for several decades after opening in 1891. The building is listed in the National Register of Historic Places. We invite you to visit us in Suite 200.



Vintage building becomes new home for Land Bank



Robert Ulrich, star of ABC's "Spenser for Hire" series, filmed on location at Land Bank's State Fish Pier in Gloucester.

PREVIEW

LAND BANK HOUSING SYMPOSIUM: LIMITED EQUITY COOPERATIVES

Designed for developers,
public officials and lenders

Wednesday — May 13, 1987
American International College — Springfield

Contact the Land Bank for more information

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ALFONSO FARABO

Carol Avenue Co-ops

KEN WINOKUR

Opening Doors**Safe Environments****On Location**

Recapitalization Bill Marks Turning Point for Land Bank

On June 10th Governor Dukakis signed into law a bill which provides for an infusion of capital to the Land Bank. With the signing of the recapitalization bill, the Land Bank hopes its new programs will bring what Governor Dukakis calls the "Miracle of Massachusetts" closer to more residents of the state. The new law provides the Land Bank with \$42 million in contract assistance over seven years, allowing the Land Bank to borrow over \$30 million to support affordable housing development and job-generating industrial projects.

Several initiatives have been designed to maximize the opportunities provided by recapitalization. First, an aggressive marketing program will inform communities, project sponsors and bankers of the Land Bank's new capabilities. Also, in an effort to reach all communities with pressing affordable housing and economic development needs, the Land Bank is reviewing its target communities and regions. Finally, the Land Bank is investigating potential programs that will use its new financial strength to stimulate housing and industrial projects.

Enactment of the recapitalization bill is just the beginning of an exciting period of growth and innovation at the Land Bank. In the months and years ahead, the Land Bank will be working harder and more creatively to address Massachusetts' housing and development needs. The Land Bank intends to use its expanded resources to share this administration's goal of making affordable housing and economic security accessible to all.

VIEWPOINT

A Vote of Confidence for the Future

Budget approvals are a rare gem, and when the Legislature votes the kind of support described above, the Land Bank must be doing something right. What we're doing is structuring creative financing for some of the most difficult, yet rewarding real estate projects in Massachusetts.

Recapitalization allows us to expand the pioneering role the Land Bank has played from its inception up to our most recent program, "The Co-op Initiative."

Whatever the role and wherever the project, our purpose will remain consistent: to use our flexibility and underwriting skills where the need is greatest.

As Chairman of the Land Bank Board, I am eager to utilize our expanded visibility and capital base to increase both the number and quality of projects we undertake, thereby continuing the economic growth of Massachusetts.

I thank Governor Dukakis, Senate President Bulger, Speaker of the House Keverian and the Legislature for their vote of confidence. To help us fulfill our mandate, I encourage potential project sponsors to take advantage of the Land Bank's accessibility, technical expertise and financial resources.



Richard W. Reynolds
Chairman, Land Bank Board
of Directors

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SPOTLIGHT

BOSTON GLOBE

Endorses Co-ops

The following editorial is reprinted with permission from The Boston Globe, July 22, 1987.

Developers of low-cost housing in Massachusetts have access to millions of dollars in untapped state funds from the state Land Bank. The Land Bank wants this money used for cooperative housing projects, but because this kind of housing is little-known in the state, there have been few takers.

In New York City, most owner-occupied apartments are cooperatives, not condominiums. Under a co-op arrangement, a home-owner buys a share of a building entitling him to occupy an apartment.

The Land Bank wants to arrange a variation on this theme. Its limited-equity co-ops are especially suited to people earning \$8,000-\$25,000 a year, too little to buy a condominium. The Land Bank needs the cooperation of developers, banks and tenants willing to consider another kind of homeownership.

Limited-equity co-ops offer a middle ground between owning and renting a home. Unlike homeowners, low-income

members of cooperatives are eligible to receive rent subsidies from the state. They can also get subsidized financing to pay for their down payment.

Limited-equity co-ops have one hitch. If shareholders move, they cannot offer their apartments on the open market, but must sell their shares back to the building association to make the housing available to new shareholders at a low cost.

Co-ops allow people of modest income to get control over their housing costs. Yet only a handful of units have been built throughout Massachusetts. "Banks like to deal in familiar instruments," says Land Bank director Timothy Bassett. "We want to show that co-ops are reasonable forms of homeownership. The last foreclosure [of a co-op building in the United States] was in 1932."

The Land Bank will commit \$3 million immediately to co-op development and at least \$10 million more if the idea takes hold. It can assemble a package of public and private loans to finance these projects.

Banks and developers should join the Land Bank in a partnership to build housing for those the real estate boom has left behind.

Carol Avenue Sets Standard for Land Bank's Co-op Initiative

Promoting affordable homeownership is one of the Land Bank's top priorities. The Carol Avenue story helps illustrate how the Land Bank and a neighborhood realized that goal together. Long-neglected, the buildings on Carol Avenue were in a serious state of disrepair. In August of 1984, the City of Boston issued over 200 building code violations to the overcrowded and run-down buildings on Carol Avenue.

Despite the condition of the buildings, condo investors, eager to ride the tide of escalating property values, were threatening to take over these buildings, home to thirty-six Southeast Asian families. The City, neighborhood activists, Legal Services attorneys and the owner of the buildings found themselves caught in a struggle over the fate of the four three-story buildings, one of which was already being converted to condominiums.

It was the Allston-Brighton Community Development Corporation (ABCDC) that acquired the remaining property and successfully put together, with the Land Bank, a permanent financing package for the rehabilitation of the neglected buildings.

"This is another example of the positive things that can happen when a cooperative partnership exists among the City, public agencies, and private entities," said Mayor Raymond Flynn at the July 12th ribbon-cutting cere-



mony marking the completed renovations of the first building.

With the finished project just around the corner, ABCDC is preparing to sell shares in the thirty-four renovated units. Starting in September, cooperative shareholders will begin the transition from renting to owning by investing just \$7,000 per unit.

Nina Schwarzchild, Executive Director of ABCDC, stressed at the ceremony that "the value of this project is not just in its solution to the immediate problem of housing for these particular families. Because these are limited-equity co-ops, they will remain affordable housing units in this neighborhood forever."

Ceremony speakers praised the many people who collaborated to make Carol Avenue an overwhelming success as Brighton's first limited-equity co-op.

The Problem: The inaccessibility of capital and subsidies to fund a stable base of affordable-ownership housing in a Brighton neighborhood being "gentrified."

The Response: The Allston-Brighton Community Development Corporation acquired three buildings with a history of code violations, with the intention of assembling a financial program which would fund their renovation and conversion to a limited-equity cooperative.

The Solution: An innovative financial plan in which a Land Bank mortgage leveraged the sale of Capitol Bank and Trust's financing to be sold on the secondary market, while the City of Boston's Neighborhood Development Fund provided junior financing, and 707 rental subsidies became available for cooperative housing.

The Results: Construction is now completed on the mixed-income cooperative housing units in the first of the three buildings on Carol Avenue. Capitol Bank is preparing to sell its notes to a secondary market, such as FNMA.

PORTFOLIO

Beginnings



RICHARD L. BELLETER

Artist's rendering of Park Square Project, to become a four-story office/retail building in downtown Fitchburg.

PARK SQUARE FITCHBURG

Ground was broken June 5th for the construction of Park Square, a four-story building located in downtown Fitchburg. The project, slated for completion in late fall, will provide 19,000 sq. ft. of new first-class office and retail space.

Park Square complements the efforts of the City and other private and public sector investors in revitalizing Fitchburg's

central business district. The total cost of the project, developed by Ernest Stathis, is \$1.4 million. The Land Bank, a participant in this commercial revitalization project, is providing \$810,000 in permanent financing. Through the efforts of Congressman Edward P. Boland (D-Springfield), a Federal HUD grant for \$385,000 has been awarded to the City for the Park Square project. Construction financing is provided by First Service Bank in Leominster.

In Progress

ELIZABETH STONE HOUSE JAMAICA PLAIN

Last spring marked the beginning of a construction project designed to expand the facilities and services provided by the staff at the Elizabeth Stone House. Located in the Jamaica Plain section of Boston, the facility is a residential mental health alternative for women.

With the construction of 14 new housing units to be com-

pleted this fall, the Elizabeth Stone House project team will have the opportunity to provide more than immediate shelter. The new units are designed to provide affordable, extended living situations for women ready to leave the shelter but not yet able to find permanent housing or live independently.

Financing sources include the Land Bank, the Thrift Fund, the Community Loan Fund, the Boston Trade Bank, and the City of Boston.



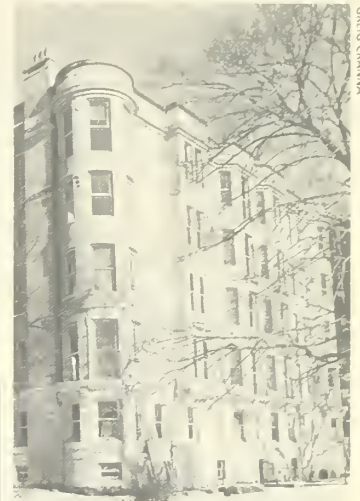
FAY PHOTO BOSTON

Many people have been involved in planning and financing this construction project. Shown on-site, (left to right) Dick Jones, Boston Community Loan Fund; Paula Gold, Chairman, the Thrift Fund; Timothy Bassett, Land Bank; Spring Redd, Elizabeth Stone House; John E. Marston, Boston Trade Bank.

Completions

FENSGATE BOSTON

Construction is now complete and co-op members have moved into the forty-six units at the Fensgate Co-ops overlooking Boston's Fenway. Organized by the Fenway Community Development Corporation, this once vacant, city-owned property was successfully developed into a mixed-income, limited-equity cooperative. Fensgate served as an early model for shaping the Land Bank's "Co-op Initiative." The Land Bank's first large-scale co-op project, Fensgate received \$1 million from the Land Bank out of a total project cost in excess of \$3.3 million.



GREG CRANNA

Safe Environments: A Good Real Estate Investment

Massachusetts has a nationwide reputation as a leader in the struggle to clean up and protect the environment. This commitment is reflected in the policies of the Dukakis administration and the endorsement of the state's voters in the 1986 hazardous waste referendum.

Thus, it is no surprise that the Land Bank is responding to recent changes in title insurance coverage by implementing a system requiring a hazardous waste assessment for each property it finances. This system is intended to determine, before a Land Bank loan closes, whether there is, or has ever been, hazardous waste on the site, insuring that future remedial action will not be necessary. The review process thereby assures both the property owners and the Commonwealth's taxpayers that the project will be free of claims based on past activities.

The Land Bank traditionally has taken a leadership role in real estate financing and development. This new policy puts us out front on environmental affairs. Experts in the field indicate that other banks will soon be adopting this policy. Whether from concern for the environment or concern for the security of their investments, these bankers will be joining forces to improve the environment, and the Land Bank welcomes them.



STAFF NOTES



Holly Merry,

Mortgage Administrator

Holly Merry is responsible for monitoring the financial and administrative status, as well as the public purpose accomplishments, of the growing portfolio of Land Bank projects. Prior to her arrival at the Land Bank, Holly was Assistant Treasurer of the South Dakota Housing Development Authority (a sister agency to MHFA). Holly, a C.P.A., graduated from Northern State College in South Dakota.



Paul Bernard,

Assistant Project Manager

Paul Bernard is the newest member of the Land Bank staff. Before joining the Land Bank, Paul received his Master's Degree in public policy from Harvard's Kennedy School of Government. He also worked as a Research Assistant at the Federal Reserve Board in Washington, D.C. after earning his B.S. in Foreign Service from Georgetown University.



Amy Zarin,

Communications/Office Assistant

Amy Zarin has joined the Land Bank on a part-time basis. Amy contributes to a variety of public relations projects as well as assists in general office duties. A junior majoring in English at Tufts University, she plans to pursue a career in communications.

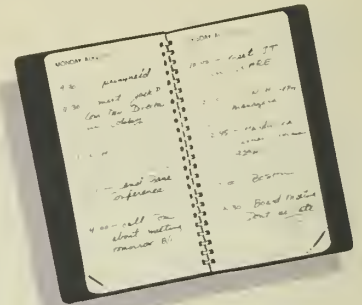
On Location

Since its inception, the Land Bank staff have spent much of their time "in the field," working with the many key players associated with Land Bank projects. With the debut of the Land Bank's new programs, "Building for Industry" and "The Co-op Initiative," Land Bank staff are traveling around the state with a heightened sense of enthusiasm and purpose.

There has been a significant increase in the number of project inquiries over the last few months. And project managers are eager to be "on location," meeting with prospective project sponsors to assess how the Land Bank can help transform an idea into reality. Whether one of our Project Managers is meeting with a young entrepreneur in Hardwick, a banker in Spring-

field or a community development director in Ware, the message is the same: the Land Bank staff are taking to the road . . . with exciting results.

If you have a project that lacks adequate financing but has strong demonstration value and can help your community, town, or region provide affordable housing or create jobs through industrial development, call the Land Bank.



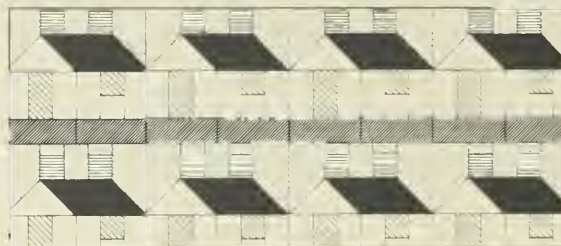
PREVIEW

Land Bank Housing Symposium on Limited Equity Co-operatives

Designed for developers, public officials and lenders

Wednesday—September 30, 1987 The Lowell Hilton—Lowell

Contact the Land Bank for more information



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Developments

SPRING 1989 NEWSLETTER

A New Day for Lawrence

A number of years ago, Emerson College announced plans to relocate its Boston campus to Lawrence. Seeing the opportunity to facilitate a project that will have an important impact on the city of Lawrence, the Land Bank is providing the Lawrence Redevelopment Authority with over \$3.8 million in financing.

The relocation of Emerson is only half of the plan for Lawrence. Known as the Riverfront Urban Renewal Project (RURP), the plan includes the creation of a park by the Department of Environmental Management. With a total cost of \$120 million, the RURP is the largest riverfront development project in the state since the Charles River Esplanade development in Boston.

Governor Dukakis, along with other important players in the project, attended an event hosted by the Land Bank in December. Dukakis praised the partnerships of public and private institutions, saying "we will do everything we can to help Lawrence and its citizens build a bright future for themselves and their children."

"Clearly, the relocation of Emerson College means a great deal to the people of Lawrence and to the economic well-being of a city that was once a bustling center for the textile industry," Dukakis said. "By all of us working together, we have set Lawrence on the way to being healthy and vibrant once again."

The Land Bank's leadership role in the Lawrence project was recognized by others, like Secretary of Communities and Development Amy Anthony who said, "The relocation of Emerson College to the city of Lawrence will have a profound effect on the revitalization of this urban community."



Senator Patricia McGovern addresses the crowd who came to the RURP Ground-Breaking Ceremony. Seated are Governor Michael Dukakis and Lawrence Mayor Kevin Sullivan, among others.

VIEWPOINT

Strong Communities and a Healthy Commonwealth

In my six years as Director of the Governor's Office of Economic Development and as a Land Bank Board member, I have had the opportunity not only to help shape the Land Bank's programs and policies, but also to ensure that the many other state agencies that impact regional and community development work closely with the Land Bank to plan good projects and to make them happen.

Guiding all of this enterprise has been Governor Dukakis' deep belief in the future of every community in every region of the state. The Governor has an exceptional understanding of the link between economically healthy communities and every other aspect of our life as a Commonwealth. He has made "Targets for Opportunity" an organizing theme for state government. The Land Bank has performed well as a front-line brigade in the fight for community revitalization.



Alden S. Raine
Director, Governor's Office
of Economic Development

GREG CRANNA

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DOCUMENTS
COLLECTION

(continued on page 2)

VIEWPOINT

(continued from page 1)

Two examples of projects which I am especially proud of are the Lawrence Riverfront Urban Renewal Project (RURP) and Massachusetts Square.

When push came to shove, it was the Land Bank that supplied the "glue" and the flexible dollars needed to make this project happen.

In the RURP, a partnership of the City, the state, Emerson College, and a proud community have put together a plan that will change people's lives for a long time to come. When push came to shove, it was the Land Bank that supplied the "glue" and the flexible dollars needed to make this project happen.

A second is Massachusetts Square, an historic Boston corner which has suffered from disinvestment over the years. By working with a complex partnership of public and private entities, the Land Bank, through its re-investment efforts and catalytic role, helped to shape the Commonwealth's successful involvement in the transformation of the strategic group of buildings.

Opportunity does not trickle into places—people have to work hard to bring opportunity home.

Each of these projects represents an aspect of the Land Bank's continued belief in improving the quality of life for residents throughout the state.

And in both examples, the Land Bank sees the connection between the numerous details of modern real estate development and finance, on the one hand, and the sweeping vision of the diversified economy rooted in healthy communities, on the other.

Opportunity does not trickle into places—people have to work hard to bring opportunity home. That is the legacy that Governor Dukakis will leave for the future of this state, and all of us associated with the Land Bank should be proud to play such an important role.

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TO THE POINT

Chocolate Factory Wins Historic Award

DORCHESTER-LOWER MILLS
BOSTON

The Baker Chocolate Factory recently received a National Historic Preservation Award. In the early 1980's the Land Bank played a pivotal role in converting the 19th Century factory into 133 units of mixed-income housing.

The Chocolate Factory, located in Dorchester Lower Mills, competed with projects and programs from 45 States and U.S. territories to win this prestigious award. The award was presented by the Advisory Council on Historic Preservation in conjunction with the U.S.



The Baker Chocolate Factory.

Department of the Interior's Take Pride in America Campaign.

What's Doing in Gloucester?

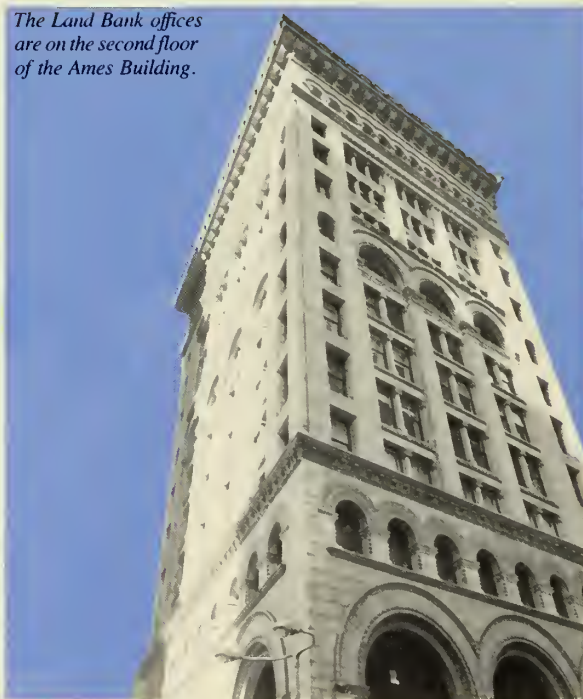
Demolition of the former Ocean Seafood Products complex on the Gloucester State Fish Pier, which the Land Bank manages for the Department of Environmental Management, is presently underway. Ocean Seafood Products' continual resistance to comply with health and safety regulations, led to eviction in 1988.

The contract to complete the demolition was awarded to Francesco Excavation Corporation of Duxbury early in March. To ensure the safety and well-being of those who live and work near the pier, hazardous material removal will be done by Environmental Waste Technologies of Newton Upper Falls.

Demolition of the former Ocean Seafood Products Complex is in preparation for the development of a new fish by-products plant. The fishing community asserts the new plant, capable of processing under-utilized species and fish wastes, is pivotal to Gloucester's struggling fishing industry.

Additionally, improvements to the Fish Pier itself are in the works. The Lexington-based firm of Fay, Spofford & Thorndike, Inc. will engineer improvements designed to increase berthing space for fishing vessels and enable the fishing industry to make more productive use of the Fish Pier.

The Land Bank offices are on the second floor of the Ames Building.



BARBARA SELWYN

"Which is the oldest skyscraper in Boston?"

This question recently appeared in the "Ask the Globe" section of *The Boston Globe*. And the answer? None other than the Land Bank's home—the Ames Building at One Court Street.

Built around 1890, the 13-story building was actually the tallest building on the Eastern Seaboard for over a decade. However, in 1914, the completion of the Custom House tower ended the Ames Building's reign as the tallest building in Boston.

PORTFOLIO

LOWER ROXBURY TENANTS' COOPERATIVE SOUTH END / LOWER ROXBURY, BOSTON

With the approval of \$3.06 million of financing, the Land Bank is helping residents in Lower Roxbury gain control of their homes. Low and moderate income tenants, along with the Boston Citywide Land Trust, the Co-op Housing Task Force and Community Economic Development Assistance Corporation (CEDAC), formed an ad hoc coalition with the ultimate goal of converting 70 units of housing into a limited-equity cooperative.

Presently, the non-profit Boston Citywide Land Trust owns the ten buildings and, as the project sponsor, will be making improvements on the property over the next year. Once rehabilitation of the one, two and three bedroom units is completed, Boston Citywide Land Trust will turn over the property to the Tenants' Cooperative. Meanwhile, tenants are being educated in the operations of a cooperative.

The total cost of the project is \$5.8 million. Numerous public and private sponsors are participating in the project which will preserve affordable housing in a rapidly gentrifying neighborhood.



Architect/developer William MacMullen's rendering of the Ocean Colony Landing Cooperative upon completion.

AFFORDABLE HOUSING COMES TO SOUTH SHORE MARSHFIELD

The Land Bank Board of Directors recently granted Project Approval for the Ocean Colony Landing Cooperative, located in Marshfield. The project will be one of the first affordable housing cooperatives to be constructed on the South Shore.

When completed, Ocean Colony Landing Cooperative will provide 50 units of affordable housing for low to moderate-income families. In selecting the homeowners, preference will be given to current or former Marshfield residents. And half of the families who purchase these units will be able to receive Chapter 707 subsidies from the state, making it

even easier for them to stake their claim in home ownership.

"By providing affordable housing opportunities for Marshfield residents, we will be opening up many doors for families that would otherwise have been priced out of their own community," said Timothy Bassett, Executive Director of the Land Bank. "Each town and city in the state has an obligation to develop innovative housing that people can afford to live in."

With a total project cost of approximately \$4.8 million, the Land Bank will lend the developer, Marshfield Housing Initiatives, Inc., \$1.75 million in low-interest mortgage financing. Other sources of funding include the Housing Innovations Fund, Diamond Funding Corporation and share equity.

THE ADAMS PRINT WORKS STUDY

ADAMS

The Northern Berkshire Industrial Park and Development Corporation (NBIPDC) has begun work on creating an industrial park on the site of the former Adams Print Works in Adams. With a matching loan of \$25,000 from the Land Bank, the NBIPDC hired C.T. Male

Associates of Greenfield to carry out initial engineering work and environmental work as well as an appraisal.

When completed, the Adams Corporate Park will employ 500 to 700 workers. Converting the site to an industrial park will cost \$1.4 million. The Land Bank plans to be one of many public and private sponsors of the project.

IS LEE RIPE FOR AN INDUSTRIAL PARK?

LEE

Several years ago members of the Lee business community joined together to tackle a problem facing them: the lack of prepared industrial space in the Town. The residents and local business leaders formed the Lee Community Development Corporation, (LCDC), a non-profit organization, committed to addressing this problem.

With the assistance of the Land Bank, the LCDC received a grant from the Executive Office of Communities and Development to study the feasibility of constructing a new industrial park in Lee. The Land Bank will consider contributing to the financing if an industrial park is developed. The study, which was conducted by Hayes Associates of Springfield, has just been completed.

A Land Bank First: SCATTERED SITE LIMITED-EQUITY CO-OPS JAMAICA PLAIN, BOSTON

The Land Bank Board of Directors approved a loan of \$750,000 for the first 20 units of the Jamaica Plain Scattered Site Limited Equity Cooperative. The project, which will be developed by the Jamaica Plain Neighborhood Development Corporation, marks the first scattered site limited-equity cooperative for the Land Bank.

Rehabilitation and conversion of these units into limited-equity co-ops represents the first step in a larger plan to establish innovative, affordable housing in Jamaica Plain by incorporating small rental properties into the Cooperative. The advantage to forming a cooperative is that tenants who live in various small buildings and usually have difficulty obtaining financing and professional management, gain these benefits through association with a larger-scale development.

Presently, the proposed Cooperative consists of four, multi-family, wood-frame buildings located within one mile of each other in the Jamaica Plain section of Boston. The Cooperative will incorporate additional small buildings over time, thereby continuously expanding the stock of affordable housing in the neighborhood.

Additional funding is coming from the Housing Innovations Fund, the City of Boston, the EOCD Abandonment Grant program and the ABCD Weatherization Grant program.



Paulina Cabrela and her son Omar will be tenants in the new co-ops.

REGGIE SHEFFIELD, courtesy of Jamaica Plain Citizens

PORTFOLIO

(continued from page 3)

AGRICULTURAL INDUSTRIAL PARK STUDY RESULTS

The results are in from a study undertaken this fall to determine if there is a demand for a processing facility to serve food producers and farmers in Western Massachusetts. The Western Mass Food Industry Association (WMFIA) and the Land Bank commissioned the \$20,000 study which determined the following:

- considerable demand exists on the part of small-to-medium sized food processors for an agriculturally related industrial park;
- a 20–25 acre park with 75,000–100,000 s.f. of manufacturing space seems ideal;

- some larger manufacturers in the food processing industry are already interested in the possibility of serving as anchor tenants;

- several potential sites for the ag-park are available in Hampshire and Franklin Counties.



The Land Bank, along with the Department of Food and Agriculture, and West Mass, is currently working on final details which will lead to the development of an ag-park.

MASONIC BLOCK ORANGE

Redevelopment of the historic Masonic Building in downtown Orange was completed this month. After being abandoned for almost a decade, the building has been given new life via a \$1.5 million renovation project.

The building, prominently situated on Main Street at the

entrance of downtown Orange's business district, will now house a variety of businesses and offices. The anchor tenant in the building will be the Orange District Court.

With a number of public and private sources—including the Town of Orange—financing the project, the Land Bank provided a loan of \$385,000.

MASSACHUSETTS SQUARE BOSTON

An ambitious project to provide affordable retail and commercial space for minority and community-based tenants in Boston's South End is nearing completion. Sponsor of the project, the United South End/Lower Roxbury Development Corp. (UDC), won a Boston Redevelopment Authority competition to transform Mass Square's 5-story, fire-damaged buildings into a modern, unified complex.

The Mass Square project evidences the Land Bank's commitment to creating opportunities for small or neighborhood businesses to exist, in the face of an escalating real estate market. In addition to financing over \$1 million from the Land Bank, the \$4.86 million project involves a complex partnership of public and private sponsors.



Boston Mayor Flynn attended the recent event to honor Mass Square.

In recognition of the progress which has been made thus far on Mass Square, the Land Bank hosted a ceremony this winter which was attended by numerous public and private officials, including Boston Mayor Raymond Flynn.

STAFF NOTES

Jana Tolisano Project Manager

Jana Tolisano joined the Land Bank staff this January as a Project Manager, specializing in commercial and industrial economic development. Prior to joining the Land Bank, Jana was a financial consultant to manufacturing companies. She has also worked as a commercial real estate lender at Fleet National Bank in Boston and Baybank in Burlington.

Jana holds an MBA from Simmons College Graduate School of Management and a BA from Mount Holyoke College.



BARBARA SELWYN

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